

IN WITNESS WHEREOF, the Parties hereto and the Joint Escrow Agents have executed this Escrow Agreement on the dates set forth below, contemplating the effective date hereof to be the date last set forth below.

12/14/95  
Date

MILFORD BROADCASTING COMPANY

By: Kevin Gallin PRESIDENT

SHARON A. MAYER

\_\_\_\_\_  
Date

By: \_\_\_\_\_

CAMPUS RADIO COMPANY, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Paul C. Hedberg  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Escrow Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Escrow Agent

IN WITNESS WHEREOF, the Parties hereto and the Joint Escrow Agents have executed this Escrow Agreement on the dates set forth below, contemplating the effective date hereof to be the date last set forth below.

**MILFORD BROADCASTING COMPANY**\_\_\_\_\_  
Date

By: \_\_\_\_\_

**SHARON A. MAYER**12-13-95  
DateBy: Sharon A. Mayer**CAMPUS RADIO COMPANY, INC.**\_\_\_\_\_  
DateBy: \_\_\_\_\_  
Paul C. Hedberg  
President\_\_\_\_\_  
Date\_\_\_\_\_  
Escrow Agent\_\_\_\_\_  
Date\_\_\_\_\_  
Escrow Agent

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**MILFORD BROADCASTING COMPANY**\_\_\_\_\_  
Date

By: \_\_\_\_\_

**SHARON A. MAYER**\_\_\_\_\_  
Date

By: \_\_\_\_\_

**CAMPUS RADIO COMPANY, INC.**12-13-95  
DateBy: Paul C. Hedberg  
Paul C. Hedberg  
President\_\_\_\_\_  
Date\_\_\_\_\_  
Escrow Agent\_\_\_\_\_  
Date\_\_\_\_\_  
Escrow Agent

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**MILFORD BROADCASTING COMPANY**

\_\_\_\_\_  
Date

By: \_\_\_\_\_

**SHARON A. MAYER**

\_\_\_\_\_  
Date

By: \_\_\_\_\_

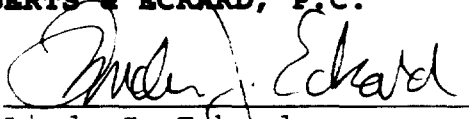
**CAMPUS RADIO COMPANY, INC.**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Paul C. Hedberg  
President

**ROBERTS & ECKARD, P.C.**

12/14/95  
\_\_\_\_\_  
Date

By:   
Linda J. Eckard  
Vice President  
Escrow Agent

**REED SMITH SHAW & McCLAY**

\_\_\_\_\_  
Date

BY: \_\_\_\_\_  
Escrow Agent

**IN WITNESS WHEREOF**, the Parties hereto and the Joint Escrow Agents have executed this Escrow Agreement on the dates set forth below, contemplating the effective date hereof to be the date last set forth below.

**MILFORD BROADCASTING COMPANY**

\_\_\_\_\_  
Date

By: \_\_\_\_\_

**SHARON A. MAYER**

\_\_\_\_\_  
Date

By: \_\_\_\_\_

**CAMPUS RADIO COMPANY, INC.**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Paul C. Hedberg  
President

**ROBERTS & ECKARD, P.C.**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Linda J. Eckard  
Vice President  
Escrow Agent

**REED SMITH SHAW & McCLAY**

12-13-95  
Date

BY: Marnie A. Sawyer  
Escrow Agent

## **EXHIBIT 2**

## **STOCK PURCHASE, FINANCING AND OPTION AGREEMENT**

**This Agreement**, dated as of December 13, 1995, is made by and between Sharon A. Mayer ("Mayer") and Campus Radio Company, Inc. ("Campus") (Mayer and Campus being sometimes collectively referred to herein as the "Parties").

**WHEREAS**, Mayer filed an application ("Mayer Application") with the Federal Communications Commission ("Commission or FCC") requesting authority to construct a new FM broadcast station (the "Station") on Channel 271C2 at Milford, Iowa (BPH-911004MG); and

**WHEREAS**, said Mayer Application is mutually exclusive with the application filed with the Commission for the Station by Milford Broadcasting Company ("Milford") (BPH-911003MI); and

**WHEREAS**, Milford and Mayer are willing to settle this proceeding and, together with Campus, are executing a Settlement Agreement contemplating a settlement; and

**WHEREAS**, the Mayer Application will be the surviving application and Mayer will amend her application to reflect a newly formed company owned by Mayer to be named New Milford Broadcasters, Inc. ("NMBI") as the Milford applicant; and

**WHEREAS**, Campus is willing to arrange financing for NMBI to enable it to carry out this Agreement, including the funds

required for any payment to Milford and for the construction of the station and necessary operating capital; and

**WHEREAS**, Campus desires to acquire an ownership interest in NMBI and to have an option to acquire Mayer's share in NMBI; and

**WHEREAS**, to reduce the cost of initiating a new FM service it would be desirable to amend the transmitter site to permit location of the new station on the KUOO tower; and

**WHEREAS**, Mayer wishes to avoid further costly and lengthy proceedings before the Commission and possibly the courts by terminating or limiting this litigation; and

**WHEREAS**, the Parties believe that settlement would be in the public interest in that it would conserve the resources of the Commission and the parties and would expedite resolution of this proceeding and permit the more prompt institution of a new FM broadcast service at Milford, Iowa; and

**WHEREAS**, the settlement and the obligations of the Parties hereunder are subject, at least in part, to the prior approval of the Commission;

**NOW, THEREFORE**, in consideration of the mutual promises herein contained, the Parties hereto agree as follows:

1. **Effective Date; Partial Settlement.** This Agreement shall be effective upon execution by Mayer and Campus and until consummated or terminated in accordance with the provisions



hereof. It shall be a condition precedent to the obligations of the Parties to dismiss an application, to pay money as provided herein, or to file the Joint Request referred to below that Settlement Agreement shall have been executed by and between Milford, Mayer and Campus.

2. **Joint Request.** Mayer, in conjunction with Milford, will file a Joint Request for Approval of Settlement Agreement ("Joint Request") with the Commission (which shall include Milford), pursuant to Section 73.3525 of the Commission's Rules, seeking:

- (a) approval of this Agreement and the Settlement Agreement with Milford;
- (b) dismissal with prejudice of the application of Milford;
- (c) grant, with no material adverse conditions, of the Mayer Application, as amended to reflect NMBI as the applicant and at a new site.

The Parties hereto shall file with the Joint Request a copy of this Agreement together with all other documentation required by Section 73.3525 of the Commission's Rules.

3. **Cooperation.** Mayer and Campus will take no action adverse to this Agreement, the Joint Request, any amendment filed with respect to the Mayer Application pursuant to the settlement of this proceeding, the grant of the amended NMBI Application or the dismissal of the Milford Application, and the Parties will cooperate with each other to obtain approval of the Joint Request and the actions therein requested. The Parties hereto agree to

cooperate with each other and with the Commission by expeditiously providing to each other or to the Commission, or both, all additional information that may be reasonably required, and by expeditiously filing any additional documents that may be necessary or appropriate to comply with Section 73.3525 of the Commission's Rules or to effectuate the objectives of this Agreement. The Parties agree to provide the Commission with any information requested by the Commission within seven (7) days after receipt of each such request.

**4. Reformation.** In the event that the Commission should refuse to approve this Agreement, Mayer and Campus shall examine the objections of the Commission and will timely make individual and joint good faith efforts to resolve all objections in a manner which reflects as closely as possible the intentions of the Parties as set forth herein, in order to resubmit the Agreement for approval.

**5. Formation of NMBI.** Upon execution of this Agreement, a new company, NMBI, organized under the laws of the State of Iowa, will be formed and upon filing of the Joint Request, Mayer will also seek to amend her application to make NMBI the applicant, contingent upon approval of the Joint Request. NMBI shall be capitalized with up to 10,000 shares of common voting stock. Prior to or at the Closing provided in Section 8 hereof, Mayer will assign to NMBI the Mayer Application and all rights relating

thereto, and all other assets of Mayer relating to the Mayer Application, including but not limited to engineering files, site options, and other records. As consideration therefor, NMBI will issue to Mayer 51% of the authorized shares of its common voting stock. No other payment by Mayer for such stock shall be required. Forty-nine percent (49%) of the authorized common voting shares of NMBI stock will be issued to Campus in consideration of its undertakings herein and in the Settlement Agreement, including the payment of One Hundred Fifty-Two Thousand Dollars (\$152,000) to Milford as the Settlement Price, and Campus shall be entitled to one seat on the Board of Directors of NMBI. Notwithstanding the foregoing, Mayer shall designate and elect a majority of the Board of Directors for so long as she remains the majority shareholder. The shares in NMBI owned by Mayer shall be subject to the option held by Campus as specified below. All shareholders of NMBI may be required to provide pledges of their stock in support of loans to be obtained by NMBI if requested by the lender and they hereby agree to do so.

**6. Amendment of Mayer Application.** As promptly as possible and in any event within ten (10) days following the filing of the Joint Request with the FCC, Mayer shall amend her application to reflect NMBI as the applicant and to specify the KU00 tower as the proposed station's transmitter site. Campus will assist Mayer in the preparation of the site change amendment.

7. **Funding**. Campus shall loan or cause to be loaned to NMBI sufficient funds for the construction of the station and initial operating capital, all as specifically agreed to by Campus and Mayer. Establishment of an escrow account for payment of the settlement with Milford, as required in the Settlement Agreement, shall satisfy Campus's funding obligation with respect thereto. The amount of any such loan shall be at the same rate and on substantially the same terms and conditions as any loan obtained by Campus, directly or indirectly, from an unaffiliated lender to fund its obligations under this Section or, if no such loan is obtained by Campus, the loan to NMBI shall be made at locally prevailing interest rates for this type of loan. Any loan made pursuant to this section shall provide for a moratorium on interest and principal repayments through the first six (6) months of operation following the filing of FCC Form 302-FM.

8. **Closing**. The initial funding arranged by Campus shall be made available to NMBI in an amount sufficient to meet NMBI's obligations hereunder, other than for construction and initial operation of the station. Escrow funds shall be used to meet any obligations secured by such escrow funds. The funding shall take place at a Closing to be held at the offices of Reed Smith Shaw & McClay within ten (10) business days following the date the FCC orders or other documents (the "Orders") approving this Agreement, dismissing the Milford Application and granting the Mayer

Application (as amended to specify NMBI as the applicant at the KU00 site) with no material adverse conditions have become final ("Final Order"). An Order shall be final when it is no longer subject to further administrative or judicial reconsideration, review, or appeal. Additional funding shall take place as required by the construction schedule.

**9. Construction and Operation of Station.**

(a) Construction of Station. NMBI shall use its best efforts to obtain all applicable building and zoning approvals for the construction of the Station. After grant of the Construction Permit and completion of financial arrangements, NMBI shall promptly construct the Station in accordance with the provisions of the Construction Permit or any modification thereof (and within the time required by the FCC), and with all applicable laws, rules and regulations, in a workmanlike manner. All of the terms of any contracts or agreements entered into by NMBI with any contractors, equipment suppliers, or similar workmen or suppliers of services entered into in the course of the construction of the Station shall be reasonable and prudent. Promptly upon completion of construction of the Station, NMBI will file its application for a license on FCC Form 302-FM.

(b) Operation of Station. NMBI shall operate the Station in a prudent and businesslike manner and shall use its best efforts to comply with all applicable local, state and

federal laws, including the applicable rules and policies of the FCC. NMBI shall not enter into any contracts or agreements except in the ordinary course of business and no such contract shall have a termination date after the commencement of the Option Period specified below unless approved by Campus. Any contract of employment or consulting or similar agreement shall be terminable by NMBI at any time without cause or payment other than amounts due for services already rendered. Campus's prior approval shall be required for contracts or agreements with any relative of Mayer, or, with any entity in which an ownership interest is held directly or indirectly by Mayer. The Parties understand and agree that until a change of control is authorized by the FCC, Mayer will be the controlling principal of NMBI and the Station.

**10. Purchase Option.** Mayer, in consideration of Campus's undertakings herein, hereby grants to Campus or its designee an irrevocable option to purchase all of the shares in NMBI which Mayer obtains as provided in this Agreement, all on the terms and subject to the conditions set forth herein (the "Option").

**11. Option Period.** Campus may give notice of its intent to exercise the option, in accordance with Section 13 hereof, at any time during the period commencing on the date the Station files its application for license on FCC Form 302-FM (or any replacement form) after having completed construction of the Milford FM

Station and expiring thirty (30) days thereafter (the "Option Period").

**12. Option Price.** Campus shall purchase the shares of NMBI owned by Mayer for Ninety-Eight Thousand Dollars (\$98,000.00) (the "Option Price"). The Option Price shall be payable by certified check or immediately available funds on the option Closing Date as defined below. In addition, at the Option Closing, Campus and NMBI shall release or obtain the release of Mayer from any further liability or obligation under any loans, guarantees, pledges, security agreements, and any other security instruments or obligations of any kind entered into in connection with the transactions contemplated by this Agreement and the construction and operation of the Station prior to the Option Closing.

**13. Procedure for Exercise of the Option.** At any time within the Option Period, Campus may declare its intent to exercise the Option, and Campus shall promptly provide Mayer and NMBI with a notice of such intent to exercise the option (the "Notice of Intent"). Subject to the provisions of Section 16 below, within ten (10) days after the delivery of the Notice of Intent, the Parties shall file any necessary applications for consent to transfer control of NMBI with the FCC and shall give such notice to and make such filings with any other governmental entity as may be required in order to permit consummation of the transaction pursuant to the Option, and the Parties shall satisfy

all other obligations necessary to the Option Closing. The Option Closing shall take place at the offices of Reed Smith Shaw & McClay or another location chosen by the Parties on the fifth (5th) business day following the date upon which any necessary FCC Action consenting to the transfer of the shares to Campus (the "FCC Consent") or other governmental consent becomes a Final Order as defined in Section 8 above.

**14. Representations and Warranties of the Parties regarding the Option Closing.**

(a) Representations and Warranties by Campus.

(i) Campus Power and Authority. Campus has or on the Option Closing Date will have full power and authority to consummate the exercise of the Option.

(b) Representations and Warranties by Mayer.

(i) Mayer Power and Authority. Mayer on the Option Closing Date will have full power and authority to sell and transfer the shares it owns in NMBI as contemplated by the exercise of the Option.

(ii) Ownership of NMBI Shares. No other person or entity, other than Campus, has or immediately prior to the Option Closing will have any ownership in or any right to acquire any shares of NMBI held by Mayer.

(iii) Absence of Liens. Except for the possible pledge of her stock as security for loans to NMBI, Mayer will not



permit any liens or other encumbrances to be imposed on her shares in NMBI, and there shall be no such liens or other encumbrances on the Option Closing Date.

**15. Conditions Precedent to Obligations at Option Closing.**

The obligations of Campus to acquire the NMBI shares owned by Mayer pursuant to and upon the exercise of the Option at the Option Closing under this Agreement and the obligation of Mayer to sell such shares are subject to the fulfillment prior to or at the Option Closing of the following conditions (any one or more of which may be waived in whole or in part.

(a) Representations and Warranties. The representations and warranties of Mayer and Campus contained in this Agreement shall be true and correct in all material respects on and as of the Option Closing Date.

(b) Covenants. Mayer and Campus shall have in all material respects performed all of their obligations and agreements and complied with all covenants and conditions contained in this Agreement to be performed or complied with by them on or before the Option Closing Date.

(c) Consents. Any necessary material consents and approvals of governmental authorities, bodies or agencies, including without limitation the FCC, having jurisdiction over the exercise and consummation of the Option, shall have been obtained without any conditions which would be unduly burdensome on, or

have a material, adverse effect upon Campus, and any FCC Consent shall have become a Final Order as defined in Section 8.

(d) Transfer of Shares. Mayer shall have tendered to Campus (i) the NMBI shares, endorsed in blank; (ii) satisfactory written evidence of Mayer reflecting her approval of the actions to be taken at the Option Closing; and (iii) the resignations of any person affiliated with Mayer as an officer or director of NMBI.

(e) Payments. Mayer shall have received the Option Price as provided in Section 12 hereof.

(f) Additional Instruments. Mayer shall have delivered to Campus such other instruments and documents as may be required by Campus to consummate the transactions contemplated herein.

(g) Releases. Campus and NMBI shall have delivered the releases of Mayer as provided in Section 12 hereof.

**16. Reciprocal Option**. Upon Campus's giving of the Notice of Intent to exercise its Option, Mayer shall have the right to retain her shares of NMBI despite Campus's option, and shall have the further right to acquire the shares of NMBI owned by Campus (together the "Reciprocal Option"), subject to the following:

- (i) within three (3) days of the delivery of Campus's Notice of Intent, Mayer shall give Campus notice of her intent to exercise the Reciprocal Option;
- (ii) on the thirtieth (30th) day after delivery of Mayer's notice regarding the Reciprocal Option, at 10:00 A.M. at the offices of Reed Smith Shaw & McClay, or another date or place agreed to by the Parties, Mayer will purchase

and Campus will sell the shares of NMBI owned by Campus upon satisfaction of the following conditions.

- (A) payment to Campus of One Hundred Forty-Seven Thousand Dollars (\$147,000.00); and
- (B) payment of all outstanding indebtedness, whether or not then currently due, on account of money or other property provided to NMBI by Campus or with Campus's guarantee;
- (C) reimbursement of Campus for the amount of any funds placed in an escrow account and used for payment to Milford pursuant to the Settlement Agreement and an additional payment equal to fifty percent (50%) of such amount;
- (D) payment to Campus of an amount equal to fifty percent (50%) of the initial face amount of any loans made to NMBI by Campus or by third parties if such loans were guaranteed by Campus or secured by its property, including loans which have been repaid previously;
- (E) payment of all remaining periodic and other payments, whether or not then due, on any leased equipment or for equipment vendor financing, where such payments are to be made to Campus or where Campus has guaranteed payments under any such lease or vendor financing.

For purposes of this Section, "Campus" shall include its 5% or greater shareholders and any other entities under substantially the same ownership.

**17. No Negotiations.** From the execution of this Agreement until the expiration of Campus's purchase option, Mayer will not negotiate or hold discussions, directly or indirectly, with any other person for the acquisition by that person of any interest in the Station or NMBI, whether directly or indirectly, without the written consent of Campus.

**18. Escrow.** By December 26, 1995, Campus will deposit in an interest-bearing escrow account Ninety-Eight Thousand Dollars (\$98,000.00) to assure the availability of funds in the event Campus exercises its Option. The escrow agents for said escrow account will be the attorneys for Mayer and Campus, and said account will be subject to the terms of an Escrow Agreement executed by Mayer and Campus simultaneously herewith in the form attached hereto as Exhibit 1. The Parties agree that if the escrow account is not funded in accordance with the foregoing, Mayer may terminate this Agreement, withdraw from the Joint Request and continue to prosecute her Application and this shall be the sole remedy of Mayer. At the Closing of Campus's Option, the balance of the Escrow account, including accumulated interest thereon, shall be paid to Mayer.

**19. Termination.** This Agreement may be terminated as provided below.

- (a) Either Party may terminate this Agreement upon ten (10) days' written notice to the other Party if a Joint Request reflecting settlements with all Milford applicants has not been filed with the Commission within ten (10) days from the date of this Agreement.
- (b) In the event that there is no Final Order as provided in Section 8 hereof approving the Joint

Request and taking the actions therein required within one (1) year of the filing of the Joint Request, Campus or Mayer shall have the right thereafter to terminate this Agreement upon ten (10) days written notice to the other Party.

- (c) In the event the FCC disapproves the Joint Request in whole or in part, and its order doing so becomes a Final Order as defined in Section 8 hereof, subject to the requirements of Section 4 hereof, either Party hereto shall have the right to terminate this Agreement upon ten (10) days written notice to the other Party.

A termination of this Agreement shall also constitute a termination of any Escrow Agreement then outstanding for the benefit of Mayer.

**20. Notices.** Any notice to a Party required or permitted to be given under this Agreement shall be duly given if sent in writing by personal delivery or by regular or overnight mail service to the other Party at the following address or such other address as may be specified by a Party in writing:

|               |  |
|---------------|--|
| If to Campus: | Mr. Paul Hedberg<br>Campus Radio Company, Inc.<br>Box 528<br>Spirit Lake, IA 51360 |
|---------------|--|

|              |   |
|--------------|---|
| If to Mayer: | Sharon A. Mayer<br>R.R. 1, Box 169<br>Milford. IA 51351 |
|--------------|---|

Notice shall be deemed to have been given upon the date of personal delivery, the date of deposit in overnight mail service, charges prepaid, or the date of receipt if sent by U.S. Mail, postage prepaid.

**21. Assignment.** This Agreement may not be assigned by either Party without the written consent of the other Party, except Mayer may assign this Agreement to a corporation wholly owned by it and Campus may assign it to any entity in which Paul Hedberg holds a controlling interest. Any person or entity to which this Agreement is assigned shall execute a counterpart of this Agreement and agree to be bound hereby.

**22. Only Agreement.** This Agreement is the only Agreement between the Parties hereto and contains all of the terms and conditions agreed upon with respect to the subject matter hereof, and cannot be amended or modified except by an instrument in writing signed by both Parties. Any other Agreement between the Parties dealing with the subject matter of this Agreement shall be deemed to have been superseded and replaced by this Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, their successors and assigns. Each Party shall bear its own expenses for the preparation of this Agreement and all supporting documents.

23. **Counterparts**. The Parties agree that this Agreement may be executed in counterparts, all of which together, so executed, shall constitute one and the same instrument.

24. **Governing Law**. This Agreement shall be construed under the laws of the District of Columbia pertaining to contracts made and to be performed in the District of Columbia.

25. **Authority**. Each Party hereto expressly warrants that it has the full power and authority to enter into this Agreement and to execute the same, and that there is no constraint upon such Party's legal ability to perform its responsibilities hereunder.

26. **Specific Performance**. Because of the unique nature of the broadcast authorization which is the subject of this Agreement, specific performance shall be available as a remedy for breach of this Agreement in addition to all other legal or equitable remedies that are available under this Agreement.

27. **Costs**. If, on account of an alleged breach or default by either Party of its obligations under this Agreement, the other Party shall employ an attorney to enforce or defend any of its rights or remedies under this Agreement, the prevailing party shall be entitled to recover its reasonable costs incurred in such connection, including but not limited to reasonable attorneys fees.

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**IN WITNESS WHEREOF**, the undersigned Party has affixed his/her signature to this Agreement on the date indicated below.

**SHARON A. MAYER**

Date: 12-13-95 Sharon A. Mayer

**STOCK PURCHASE, FINANCING AND OPTION AGREEMENT**

**DATED AS OF DECEMBER 13, 1995**



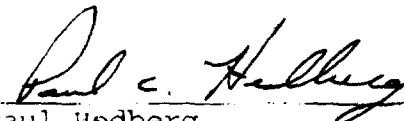
- 19 -

IN WITNESS WHEREOF, the undersigned Party has affixed his/her signature to this Agreement on the date indicated below

CAMPUS RADIO COMPANY, INC.

Date: 12-13-95

By:

  
Paul Hedberg  
President

STOCK PURCHASE, FINANCING AND OPTION AGREEMENT

DATED AS OF DECEMBER 13, 1995